

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS  
OF SAN BERNARDINO COUNTY, CALIFORNIA  
AND RECORD OF ACTION**

**33**

July 8, 2003

**FROM: DAVID H. SLAUGHTER**, Director  
Real Estate Services Department

**CORY NELSEN**, Director  
Department of Child Support Services

**SUBJECT: LEASE AMENDMENT WITH HEIDE HART**

**RECOMMENDATION:** Approve Amendment No. 3 to Lease Agreement No. 94-447 with Heide Hart to extend the term through June 30, 2005 for 18,976 square feet of office space in Victorville for the Department of Child Support Services (DCSS) in the amount of \$602,988.

**BACKGROUND INFORMATION:** On May 24, 1994, the Board approved a seven-year lease agreement (No. 94-447) with three two-year options for 18,976 square feet of office space for DCSS at 15456 Sage Street in Victorville. In the 10 years since the lease was originally approved, the Board has approved two amendments, which are summarized below:

<u>Amend. No.</u>	<u>Approval date</u>	<u>Action</u>
1	Aug. 23, 1994	• Provided for a Subordination, Nondisturbance and Attornment Agreement which enabled the landlord to secure new financing
2	Sept. 17, 2001	• Exercised the first of three two-year options extending the term to June 30, 2003

On September 24, 2002, the Board approved Lease Agreement No. 02-0963 for a 33,600 square foot facility to provide expanded services and accommodate additional staff at a new location in Victorville. The new facility is not yet ready for occupancy; therefore, DCSS requested Real Estate Services Department (RES D) exercise the second of three two-year options to extend the term. The lease terms are summarized as follows:

Lessor:	Heide Hart
Location:	15456 Sage Street, Victorville
Size:	18,976 sq. ft. of office space
Term:	Two years commencing July 1, 2003
Options:	One two-year option to extend the term is still available

Page 1 of 2

Record of Action of the Board of Supervisors

**33**

**BOARD OF SUPERVISORS  
LEASE AMENDMENT WITH HEIDE HART**

July 8, 2003

Page Two of Two

	<u>Cost per sq. ft. per month</u>	<u>Monthly</u>	<u>Annual</u>
Rent: (old)	\$1.29	\$24,388	\$292,656
(new)	\$1.31*	\$24,876	\$298,512
	*Low range for the Victorville area		

Annual increases: 2%

Improvement costs: None

Custodial: Provided by Lessor

Maintenance: Provided by Lessor

Utilities: Provided by Lessor

Right to terminate: County has the right to terminate with 60-days notice

Parking: Sufficient for County needs

**REVIEW BY OTHERS:** This item has been reviewed by County Counsel (Rex Hinesley, Chief Deputy County Counsel) on March 12, 2003; Human Services System (Kris Letterman, Administrative Analyst) on June 27, 2003; DCSS (Susan Waterhouse, Deputy Director) on June 30, 2003; and the County Administrative Office (Daniel R. Kopp, Administrative Analyst) on July 1, 2003.

**FINANCIAL IMPACT:** The total amount of this two-year amendment is \$602,988. Payments will be made from the Rents budget (AAA RNT) and reimbursed from the DCSS budget (AAA DCS). State budget impacts are considered a factor in the leasing decision because these program expenditures are 100% State funded; however, sufficient appropriation is available in both budgets. Approval of this item will not result in local cost. Annual lease costs are as follows:

<u>Year</u>	<u>Annual Lease Cost</u>
July 1, 2003 – June 30, 2004	\$298,512
July 1, 2004 – June 30, 2005	\$304,476

**COST REDUCTION REVIEW:** The County Administrative Office has reviewed this agenda item, concurs with the department's and RESD's proposal, and recommends this action based on the need to remain at the current location until the new facility is ready for occupancy. Program funding has been reduced; however, appropriation for these expenditures has been included in the 2003-04 DCSS budget. If funding is reduced or eliminated, the County can terminate this lease with 60-days notice.

**SUPERVISORIAL DISTRICTS:** First

**PRESENTER:** David H. Slaughter, Director, 7-7813

BC 7-7815 mf 7-7825